# 1966-1968

#### CANCELLATION ADDENDUM

to the

INTERESTS AND LIABILITIES AGREEMENT of the FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT

First Excess of Loss \$500,000 excess of \$500,000

#### between

GERLING GLOBAL REINSURANCE CORPORATION U.S. BRANCH, New York, N.Y. (including the liability of the GLOBAL REINSURANCE COMPANY Toronto, Canada)

(hereinafter collectively called the "COMPANY") of the one part,

#### and

Guaranty Reinsurance Company, Chicago, Ill. (hereinafter called the "SUBSCRIBING REINSURER") of the other part.

IT IS HEREBY UNDERSTOOD AND ACREED that in accordance with Article VI this Agreement which incepted for the Subscribing Retrocessionaire on January ), 196, is terminated as at Midnight December 31, 1968.

IN WITNESS WHEREOF the parties hereto, by their respective duly authorized officers, have executed this Agreement, in duplicate, as of the dates undermentioned.

At New York, N.Y. this 5th day of May, 1969

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH

GERLING GLOBAL OFFICES INC., U.S. MANAGER

GERLING GLOBAL REINSURANCE CORPORATION, UNITED STATES BRANCH NEW YORK, N.Y.

# FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT First Excess - \$500,000 Excess \$500,000

### INTERESTS AND LIABILITIES AGREEMENT

IT IS HEREBY MUTUALLY AGREED, by and between GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH, AND THEIR QUOTA SHARE REINSURERS, (hereinafter collectively called the "COMPANY"), of the one part, and

### GUARANTY REINSURANCE COMPANY, Chicago, Illinois

(hereinafter called the "SUBSCRIBING REINSURER"), of the other part, that the SUBSCRIBING REINSURER shall have a 10 % ( Ten Per Centum ) share in the interests and liabilities of the "REINSURER" as set

) share in the interests and liabilities of the "REINSURER" as set forth in the document attached hereto, entitled FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT, First Excess - \$500,000 Excess \$500,000. The share of the SUBSCRIBING REINSURER shall be separate and apart from the share of the other reinsurers, and shall not be joint with those of the other reinsurers, and the SUBSCRIBING REINSURER shall in no event participate in the interests and liabilities of the other reinsurers.

This Agreement shall take effect at 12:01 a.m. ist January, One Thousand Nine Hundred and Sixty Nine and may be cancelled as per the attached Agreement.

IN WITNESS WHEREOF the parties hereto, by their respective duly authorized officers, have executed this Agreement, in duplicate, as of the dates undermentioned.

At New York, New York this 19th day of March

1969

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH By GERLING GLOBAL OFFICES INC., U.S. MANAGER

Executive Vice President Secretary

and at Charge / this >2day of May 1969

GERLING GLOBAL BEINBURANCE CORPORATION

u. Project

### REINSURANCE AGREEMENT

### FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT First Excess - \$500,000 Excess \$500,000

#### between

GERLING GLOBAL REINSURANCE CORPORATION, UNITED STATES BRANCH, NEW YORK, N.Y., (including the liability of GLOBAL REINSURANCE COMPANY, TORONTO, ONTARIO, CANADA)

#### AND THEIR QUOTA SHARE REINSURERS

(hereinafter collectively called the "Company"

of the one part

bus

THE COMPANIES SPECIFIED IN THE RESPECTIVE INTERESTS AND LIABILITIES AGREEMENT TO WHICH THIS AGREEMENT IS ATTACHED

(hereingiter called the "Reinsurer")

of the other part

WHEREAS the Company is desirous of reinsuring certain of its liability arising under business accepted by it in its facultative Casualty Department

NOW, THEREFORE, it is hereby agreed by and between the parties hereto one with the other as respects Facultative Casualty business:

### ARTICLE !

### INSURING CLAUSE

- (A) The Reinsurer agrees for the consideration hereinafter appearing to pay to the Company up to but not exceeding \$500,000 (Five Hundred Thousand Dollars) ultimate net loss each and every accident and/or occurrence any one original insured for which the Company shall become liable and shall pay in excess of \$500,000 (Five Hundred Thousand Dollars) ultimate net loss each and every accident and/or occurrence any one original insured under one or more original policies.
- (B) As respects Products Bodily Injury Liability Insurance assumed by the Company under Policies containing an aggregate limit of liability, the Reinsurer agrees to pay to the Company up to but not exceeding \$500,000 (Five Hundred Thousand Dollars) aggregate ultimate net loss for which the Company shall become liable and shall pay in excess of \$500,000 (Five Hundred Thousand Dollars) aggregate ultimate net loss in respect of each annual period any one original insured under one or more original policies

The term "each and every accident and/or occurrence" as used herein shall be understood to mean "each and every accident or occurrence or series of accidents or occurrences arising out of any one event" provided that as respects:

- (a) Products Liability; said term shall be understood to mean "injuries to all persons and all damage to property of others proceeding from the use or consumption of one prepared or acquired lot of merchandise or product";
- (b) All other classes of Bodily Injury Liability; said term shall also be understood to mean, as regards each original insured, "injuries to one or more than one person resulting from intection, contagion, poisoning or contamination proceeding from or traceable to the same causative agency";
- (c) Property Damage (other than Automobile and Products) risks; said term shall, subject to provisions (i) and (ii) below, also be understood to mean "loss or losses caused by a series of operations, events or occurrences arising out of operations at one specific site and which cannot be attributed to any single one of such operations, events or occurrences but rather to the cumulative effect of same".

OBELING GLOBAL BEHNOTRANCE CORPUBATION

U. S. BRANCE

In assessing each and every accident and/or occurrence within the foregoing definition, it is understood and agreed that:

- (i) the series of operations, events or occurrences shall not extend over a period longer than 12 (Twelve) consecutive months, and
- (ii) the Company may elect the date on which the period of not exceeding 12 (Twelve) consecutive months shall be deemed to have communeed.

In the event that the series of operations, events or occurrences extend over a period longer than 12 (Twelve) consecutive months, then each consecutive period of 12 (Twelve) months, the first of which commences on the date elected under (ii) above, shall form the basis of claim under this Agreement.

(d) An occupational or other disease suffered by an employee which disease arises out of the employment and for which the employer is liable shall be deemed an accident within the meaning hereof. In case the Company shall within a Policy year sustain several losses arising out of such an occupational or other disease of one specific kind or class, suffered by several employees of one Insured, such losses shall be deemed to arise out of one accident. A loss as respects each employee affected by the disease shall be deemed to have been sustained by the Company at the date when compensable disability of the employee commenced and at no other date.

### ARTICLE U

### UNDERLYING REINSURANCE AND CO-REINSURANCE

- (A) The Company is hereby granted permission to carry underlying excess of loss reinsurance, it being understood and agreed that in calculating the amount of any loss hereunder, and also in computing the amount in excess of which this Agreement attaches, the net loss of the Company shall not be considered as being reduced by any amount or amounts recoverable thereunder.
- (B) It is a warranty that the Company and its quota share reinsurers shall participate to the extent of 5% (Five percent) in this Agreement.

GERLANG	<b>GLOBAL</b>	elimpurance	CURPURATION

V. S. BRANCH

### ARTICLE III

- 4 -

### **EXCLUSIONS**

- 1. This Agreement shall specifically exclude coverage in respect of Policies of Reinsurance issued by the Company in respect of the following classes or classifications:
  - (a) Aviation liability risks, except in cases where such Aviation liability risks are incorporated in a Policy covering Comprehensive or General Liability;
  - (b) Railroads in respect of Bodily Injury Liability to third parties resulting from the transportation of freight and passengers only. It is agreed that it is the intention of this Agreement to cover, but not by way of limitation, Policies issued by the Company in respect of Railroads covering Contractual Liability or Railroads! Protective, or Owners! Protective, or Owners! and Contractors!
  - (c) Excess Catastrophe Reinsurance Treaties of Insurance Companies;
  - (d) Ocean Marine Business when written as such:
  - (c) Directors' and Officers' legal liability:
  - (f) Underground Coal Mining but only as respects Excess Workmen's Compensation:
  - (g) Operation of Aircraft but only as respects Excess Workmen's Compensation;
  - (ii) Fireworks Manutacturers but only as respects Excess Workmen's Computation;
  - (i) Fuse Manufacturers but only as respects Excess Workmen's Compensation;
  - (j) Explosive Risks but only as respects Excess Workmen's Compensation;
  - (k) Risk of War, Bombardment, invasion, insurrection, rebellion, revolution, military or usurped power or confiscation by order of any government or public authority as excluded under a standard policy containing a standard war exclusion clause.

GRELING GLOSAL BEIMSUSANCE CONFINATION

U. S. DEADCE

- (1) Nuclear risks as per attached wording.
- In the event the Company becomes interested in a prohibited risk other than (1) described above, without its knowledge, in respect of which no other Reinsurance arrangements are available to the Company, either by an existing Insured extending its operations or by an inadvertent acceptance by an Agent or otherwise of a Reinsured Company, this Agreement shall attach in respect to such prohibited risks but only until discovery by the Company and for not exceeding 30 (Thirty) days thereafter.

#### ARTICLE IV

### ATTACHMENT

This Agreement shall take effect at the date and time specified in the Interests and Liabilities Agreement attached hereto and shall apply to all losses occurring on and after that date and time.

Notwithstanding the above paragraph, the liability of the Reinsurer in respect of the aggregate coverage on occupational or other disease which is provided under paragraph (d) of Article I shall attach as of the effective date of Policies becoming effective on or after the date and time specified in the Interests and Liabilities Agreement and as of the next renewal or anniversary date of Policies in force at Midnight, 31st December of the year of attachment.

#### ARTICLE V

### CANCELLATION

This Agreement may be cancelled at Midnight any December 31st by either party giving the other at least 100 (One Hundred) days' notice in advance by registered mail.

Nevertheless, the Company at its sole option shall have the right to require this Agreement to continue to apply to all losses occurring on business in force during said period of 100 (One Hundred) days until their natural expiration or next anniversary date, whichever first occurs subject to the payment of the earned premium on such business.

Notwithstanding the second paragraph above, the liability of the Reinsurer in respect of the aggregate coverage on occupational or other disease which is provided under paragraph (d) of Article I shall continue until the next renewal or anniversary date, whichever first occurs, of Policies in force

Gerling Global Teimsurance Corporation
U. 2. Branch

- 6 -

at the effective date of cancellation of this Agreement.

#### ARTICLE VI

#### PREMIUM

The Company shall pay to the Reinsurer premium calculated at 8% (Eight Percent) of its gross net earned premium income in respect of business accepted by the Company in its Facultative Casualty Department.

By "gross not earned premium income" is meant the earned proportion of the Company's gross written premium in respect of the subject matter of this Agreement less cancellations and return of premium and premiums on Reinsurances which inure to the benefit of this Agreement.

The Company shall pay to the Reinsurer, in quarterly installments, Reinsurer's proportion of an annual Minimum and Deposit Premium of \$120,000 (One Hundred Twenty Thousand Dollars). Should the premium for each annual period calculated in accordance with the first paragraph of this Article exceed the said Minimum and Deposit Premium for each annual period, the Company agrees to pay the difference to the Reinsurer.

### ARTICLE VII

#### ULTIMATE NET LOSS CLAUSE

"Ultimate Net Loss" shall mean the sum actually paid in cash in the settlement of losses for which the Company is liable, after deducting all salvages, recoveries and other reinsurance provided, however, that in the event of the Insolvency of the Company, "Ultimate Net Loss" shall mean the amount of loss which the insolvent Company has incurred or is liable for, and payment by the Reinsurer shall be made to the receiver or statutory successor of the Company in accordance with the provisions of ARTICLE XII, of this Reinsurance Agreement known as the "Insolvency Clause".

#### ARTICLE VIII

#### CLAIMS

The Company shall advise the Reinsurer with reasonable promptitude of any loss occurrence or event in which the Reinsurer is likely to be involved and shall provide the Reinsurer with full information relative thereto.

GENLING GLOBAL HEIMSUBANCE CORPORATION

U. S. BRANCE

- 7 -

The Reinsurer, through its appointed representatives, shall have the right to co-operate with the Company in the defense and/or settlement of any claim or claims in which it may be interested. All settlements made by the Company in co-operation with the Reinsurer's appointed representatives shall be binding on the Reinsurer, and all settlements made by the Company in cases where the Reinsurer elects not to co-operate with the Company shall be binding on the Reinsurer.

The Company agrees that all papers connected with the adjustment of claims shall at any reasonable time be at the command of the Reinsurer or parties designated by it for inspection.

Reinsurers not authorized to do business in the State of New York shall upon request make cash advances for losses incurred but not paid in an amount not to exceed the Reinsurer's share of such unpaid claims. Cash advances shall be made within 10 (Ten) days after notification by the Company.

### ARTICLE IX

### DIVISION OF SETTLEMENT COSTS CLAUSE

Expenses incurred by the Company in connection with the investigation and adjustment of claims and suits shall be apportioned as follows:

- (a) Should the claims or suits arising out of any one occurrence be adjusted for a sum not exceeding the amount in excess of which Reinsurer hereunder become liable, then no expenses shall be payable by the Reinsurer;
- (b) Should, however, the sum which is paid in adjustment of such claims or suit result in an amount being recovered under this Agreement, then the expenses shall be borne by the Company and the Reinsurer in the ratio of their respective liabilities as finally determined provided, however, that the Reinsurer shall not be liable for any part of the salaries of officials of or office expenses of the Company.

### ARTICLE X

### COMMUTATION

In the event of the Company becoming liable to make periodical payments under any business reinsured hereunder, the Reinsurer at any time after 24 (Twenty Four) months from the date of the occurrence, shall be at liberty to redeem the payments falling due from it by the payment of a lump sum.

GERLING GROBAL REDISURANCE CONFURATION

U. S. SEANCE

- 8 -

In such event, the Company and the Reinsurer shall mutually appoint an Actuary or Appraiser to investigate, determine and capitalize the claim. The Reinsurer's proportion of the amount so determined shall be considered the amount of loss hereunder and the payment thereof shall constitute a complete release of the Reinsurer for its liability for such claim so capitalized.

#### ARTICLE XI

### ERRORS AND OMISSIONS

No accidental errors and/or omissions upon the part of the Company shall relieve the Reinsurer of liability provided such errors and/or omissions are rectified as soon after discovery as possible. Nevertheless, the Reinsurer shall not be liable in respect of any business which may have been inadvertently included in the premium computation but which ought not to have been included by reason of the conditions of this Agreement.

#### ARTICLE XII

#### INSOLVENCY CLAUSE

In consideration of the continuing and reciprocal benefits to accrue hereunder to the Reinsurer, the Reinsurer hereby agrees that as to all reinsurance
made, ceded, renewed or otherwise becoming effective under this Agreement,
the reinsurance shall be payable by the Reinsurer on the basis of the liability
of the Company under the contract or contracts reinsured, without diminution
because of the insolvency of the Company directly to the Company or to its
liquidator, receiver or other statutory successor, except as provided by
Section 315 of the New York Insurance Law or except (a) where the contract
specifically provides another payer of such reinsurance in the event of insolvency of the Company and (b) where the Reinsurance with the consent of the
direct Assured or Assureds has assumed such policy obligations of the
Company as direct obligations of the Reinsurer to the payers under such
policies and in substitution for the obligations of the Company to such payer.

It is further agreed and understood that in the event of insolvency of the Company, the liquidator or receiver or statutor; successor of the insolvent Company shall give written notice to the Reinsurer of the pendency of a claim against the insolvent Company on the policy or bond remsured with the Reinsurer within a reasonable time after such claim is filed in the insolvency proceeding; and that during the pendency of such claim the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defense or defenses which it may deem

CHELING GLOSAL BEINSURANCE CORPURATION IL & ARANCE -9-

available to the Company or its liquidator or receiver or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable subject to court approval against the insolvent Company as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the Company solely as a result of the defense undertaken by the Reinsurer.

Where two or more Reinsurers are involved in the same claim, and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Agreement as though such expense had been incurred by the Company.

### ARTICLE XIII

### LEGALITY

It is specially provided, anything to the contrary notwithstanding, that if any law or regulation of the Federal or any State or Local Government of the United States or the decision of any Court shall render illegal the arrangements hereby made, this Agreement may be terminated immediately by the Company upon giving notice to the Reinsurer of such law or decision and of its intention to terminate this Agreement provided always that the Reinsurer cannot comply with such law or with the terms of such decisions.

### ARTICLE XIV

#### ARBITRATION

- (a) Any dispute or difference hereafter arising with reference to the interpretation, application or effect of this Reinsurance Agreement or any part thereof, whether arising before or after termination of the Reinsurance Agreement, shall be referred to a Board of Arbitration consisting of two (2) arbitrators and an umpire, who shall be active or retired officers of Insurance or Reinsurance Companies. The seat of the Board of Arbitration shall be in New York unless the disputants agree otherwise.
- (b) One (1) arbitrator shall be chosen by the Company and the other by the Reinsurer. The umpire shall be chosen by the two (2) arbitrators.
- (c) Arbitration shall be initiated by either the Company or the Reinsurer (the petitioner) demanding arbitration and naming its arbitrator. The other party (the respondent) shall then have thirty (30) days, after receiving demand in writing from the petitioner, within which to designate its arbitrator. In case the respondent fails to designate

SEE CHING	OCCURAT		CORP	CHATICH
		Blook Market		

h' a' brymch

its arbitrator within the time stated above, the petitioner is expressly authorized and empowered to name the second arbitrator, and the respondent shall not be deemed aggrieved thereby. The arbitrators shall designate an umpire within thirty (30) days after both arbitrators have been named. In the event the two (2) arbitrators do not agree within thirty (30) days on the selection of an unspire, each shall nominate one (1) umpire. Within thirty (30) days thereafter the selection shall be made by drawing lots. The name of the party first drawn shall be the umpire.

- (d) Each party shall submit its case to the Board of Arbitration within thirty (30) days from the date of the appointment of the umpire, but this period of time may be extended by unanimous consent, in writing, of the Board. The Board shall interpret this Reinsurance Agreement as an honorable engagement rather than as a merely technical legal obligation and shall make its award with a view to effecting the general purpose of this Reinsurance Agreement in a reasonable manner, rather than in accordance with the literal interpretation of the language. It shall be relieved from all judicial formalities and may abstain from following the strict rules of law. The decision in writing of the Board or a majority of the Board rendered at the earliest convenient date shall be final and binding upon all parties.
- (e) The Company and the Reinsurer shall each pay the fee of its own arbitrator and half the fee of the umpire, and the remaining costs of the arbitration shall be paid as the Board shall direct. In the event both arbitrators are chosen by the petitioner, as provided in paragraph (C) above, the Company and the Reinsurer shall each pay one half (1/2) of the fees of both of the arbitrators and the umpire, and the remaining costs of the arbitrations shall be paid as the Board shall direct.

### ARTICLE XV

### HONORABLE UNDERTAKING

This Agreement shall be construed as an honorable undertaking between the parties hereto not to be defeated by technical legal construction, it being the intention of this Agreement that the fortunes of the Reinsurer shall follow the fortunes of the Company.

表生的 建生物 化二甲基甲基 化二甲基甲基 化二甲基甲基

L. REIMBUKANCE CORPORATI U. S. ARABON

#### NUCLEAR INCIDENT EXCLUSION CLAUSE—LIABILITY—REINSURANCE

NUCLEAR INCIDENT EXCLUSION CLAUSE—LIABILITY—REINSURANCE

(1) This reinstrance does not cover any loss or Hability accruing to the Company (ies) as a member of, or subscriber to, any successful of interests or reinstress formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any much member, subscriber as associations.

(2) without in any very restricting the operation of paragraph (1) of this Clause it is understood and agreed that for all purposes of this reinstrance all the original policies of the Campany(lies) (new, reneval are replacement) of the classes specified in Clause II of this paragraph (2) shall be desmed to Include the following previation (perclibed as the Limited Exclusion Provision).

Limited Exclusions Provisions.

Lit is agreed that the policy does not apply under any liability coverage, to injury, sickness, disease, death or destruction with respect to which an insured under the policy is also an insured under a weeker energy liability palley issued by Nuclear Energy Liability Insurance Association, the Material Atomic Energy Liability (Inderwriters or Nuclear Insurance Association, of Rabally.

I. Family Anismobile Policies (liability only), Special Astonoshile Policies (private passenger astomobiles, liability only) or policies of a similar nature; and the liability only), Comprehensive Pursonal Liability only or policies of a similar nature; and the liability portion of combination became relieved to the jour classes of policies are described in 1s above, whether new, receives Policies.

(1) become effective one on after let May, 1960, et (1) become effective one one after let May, 1960, et (1) become effective one one after let May, 1960, et (1) become effective one one after let May, 1960, et (1) become effective one one after let May, 1960, et (1) become effective one one after let May, 1960, et (1) become effective one or after let May, 1960, et (1) become effective one or after let May, 1960, et (1) become effective one or after let May, 1960

enhanction of its limit of liability; or

(b) resulting from the hear-does proporties of nuclear material and with respect to which (1) any person or organization in required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law smeadatory thereof, or (2) the inserved is, or had this policy not been insued would be, certified to indensity from the United States of America, or any agency thereof, under any exportance entered into by the United States of America, or any agency thereof, with any person or organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provioles relating to immediate medical or surgical relief, to expenses incurred with respect to hodily injury, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the speration of a nuclear facility by any person or assembled.

hazardous properties of nuclear material and arming our secure vyronizes an account properties or granization.

III. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material, if

(a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or disposed therefrom;

(b) the nuclear material is contained in spent fuel or wasts at any time possessed, handled, used, processed, exceed, transported or disposed of by or on behalf of an insured; or

(c) the injury, sickness, discuss, death or destruction arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintanance, operation or use of any noedeer facility, but if such facility is located within the United States of America, his territories or passessions or Canada, this exclusion (c) applies only to injury to or destruction of property at such nuclear facility.

As used in this endousement:

"hexardous properties" include radioactive, toxic or explosive properties; "nuclear material" means source meterial, special nuclear material or byproduct material; "source material", "special nuclear material", and "byproduct material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; "spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or expensed to radiation in a nuclear reactor; "waste" means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof; "nuclear facility" means

(a) any nuclear reactor,

(b) any equipment or device designed or any angle of the product designed or designed. IV. As used in this endo

iscility under paragraph (a) or (b) thereof; "modeer facility" means
(a) any nuclear receive,
(b) any equipment or device designed or used for (1 separating the inotopus of aranism or planeatum, (2) peacessing or suitisting spent facility, processing or packaging wasts,
(c) any equipment or device used for the processing, fabricating or alleying of special nuclear material if at any time the total amount of such material in the custody of the insured at the processes where such equipment or device is located consists of or contains more than 25 grams of plutantum or translum 235 or any combination thereof, or more than 250 grams of uranism 235, (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of wasts, and includes the site on which say of the feregoing is located, all operations conducted on such site and all premises used for such operations; "maclear reaction" micans any apparatus designed or used to sustain nuclear fusion in a self-supporting chain reaction or to contain a critical mass of fusionable materials.

With respect is injury to or destruction of property, the word "injury" or "destruction" includes all forms of solid-active contembration of property.

V. The inception dates and thereafter of all original policles affording coverages specifed in this paragraph (3), whether new, renewal or replacement, being policies which either

(a) become effective before that date and contain the Broad Exclusion Provision set out above; provided this paragraph (3) shall not be applicable to (1) Carage and Automobile Policies leaved by the Company (iss) on New York risks, or (ii) statutory liability insurance required under Chapter 90, Consul Laws of Massachusetts, until 90 days following approval of the Broad Exclusion Provision by the Governmental Authority having jurisdiction thereof.

It is further provided that number of the supplication of affording noverness described in this paragraph (3). (a) have then

increot. It is further provided that original Hability policies affording coverages described in this paragraph (3), (other than those policies and coverages described in (1) and (3) above), which become effective before let May, 1960, and do not contain the Broad Exclusion Provision set out above, but which contain the Broad Exclusion Provision set out is may Nuclear Incident Exclusion Clause-Liability-Reinsurunes endowements prior to February 4, 1960, shall be construed as if incorporating such portions of the Broad Exclusion Provision set out above as are more liberal to the holders of such olicie

policies.

(4) Wishout in any way restricting the operation of paragraph (1) of this clause it is understood and agreed that original liability policies of the Company (ies), for those classes of policies

(a) described in Clause II of paragraph (2) effective before let June, 1958, or

(b) described in paragraph (8) effective before lat March, 1958, or

(b) described in paragraph (8) effective before lat March, 1958, or

(b) described in paragraph (8) effective before lat March, 1958, or

(b) described in paragraph (8) effective before lat March, 1958, or

(b) described in paragraph (8) effective before lat March, 1958,

(c) and (3) shove are not applicable to original liability policies of the Company(ies) in Canada and that with respect to such policie this Clause shall be deemed to include the Nuclear Energy Liability Exclusion Provisions actually used on each policies by the Company(ies); provided that if the Company(ies) shall fail to include such Exclusion Provisions in any such policy where it is legally parasited to do so, such policy shall be deemed to include such Exclusion Provisions.

244600

1/4/50 2 155

### ADDENDUM NO. 1 to the

### INTERESTS AND LIABILITIES AGREEMENT

FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT First Excess - \$500,000 Excess \$500,000.

between

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH, New York, N. Y. AND THEIR QUOTA SHARE REINSURERS, of the one part

GUARANTY REINSURANCE COMPANY, Chicago, III. of the other part.

It is hereby understood and agreed that effective January 1, 1970 the third paragraph of ARTICLE VI, Premium, of the attached Agreement is amended to read as follows:

The Company shall pay to the Reinsurer, in quarterly installments. Reinsurer's proportion of an annual Deposit Premium of \$180,000 (Onehundredeightythousand Dollars). Should the Premium for each annual period calculated in accordance with the first paragraph of this Article exceed the said Deposit Premium for each annual period, the Company agrees to pay the difference to the Reinsurer, but should it be less, it is agreed that the Minimum Premium payable to the Reinsurer shall be its proportion of \$120,000 (Onehundredtwentythousand Dollars) for each annual period this Agreement is in force.

All other terms and conditions shall remain unchanged.

IN WITNESS WHEREOF the parties hereto, by their respective duly authorized officers, have executed this Agreement, in duplicate, as of the dates undermentioned.

At New York, N.Y.

this

day of 1970 29th

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH By GERLING GLOBAL OFFICES INC., U.S. MANAGER

President

this

GERLING GLOBAL REINSURANCE CORPORATION

U. S. BRANCH

#### ADDENDUM NO. 1 a

to the

### INTERESTS AND LIABILITIES AGREEMENT

FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT First Excess - \$500,000 Excess \$500,000

#### between

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH New York, N.Y. AND THEIR QUOTA SHARE REINSURERS, of the one part

and

GUARANTY REINSURANCE COMPANY, Chicago, Illinois of the other part.

It is hereby understood and agreed that effective 12:01 a.m. 1st October 1970 the Argonaut Insurance Company, Menlo Park, Calif., is substituted as Subscribing Reinsurer for the share heretofore subscribed to by the Guaranty Reinsurance Company, Chicago, Illinois.

IN WITNESS WHEREOF the parties hereto, by their respective duly authorized officers, have executed this Agreement, in duplicate, as of the dates undermentioned.

At New York, N.Y.

this 2/st day of October.

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH By GERLING GLOBAL OFFICES INC., U.S. MANAGER

President Secretary
and at Cheene, Allenois this 16th day of Getober 1970

ARGONAUT INSURANCE COMPANY

GERLING GLOBAL REINSURANCE CORPORATION

u. S. Branch

1970

# 1969-1970

### ADDENDUM NO. 2 to the

### INTERESTS AND LIABILITIES AGREEMENT

### FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT First Excess - \$500,000 Excess \$500,000

between

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH, New York, N.Y. AND THEIR QUOTA SHARE REINSURERS, of the one part

> ARGONAUT INSURANCE COMPANY CHICAGO, ILL. 60606

of the other part.

It is hereby understood and agreed that effective January 1, 1971 the third paragraph of ARTICLE VI, Premium, of the attached Agreement is amended to read as follows:

The Company shall pay to the Reinsurer, in quarterly installments, Reinsurer's proportion of an annual Deposit Premium of \$200,000 (Twohundredthousand Dollars). Should the Premium for each annual period calculated in accordance with the first paragraph of this Article exceed the said Deposit Premium for each annual period, the Company agrees to pay the difference to the Reinsurer, but should it be less, it is agreed that the Minimum Premium payable to the Reinsurer shall be its proportion of \$120,000 (Onehundredtwentythousand Dollars) for each annual period this Agreement is in force.

All other terms and conditions shall remain unchanged.

IN WITNESS WHEREOF the parties hereto, by their respective duly authorized officers, have executed this Agreement, in duplicate, as of the dated undermentioned.

At New York, N. Y.

21st this day of October. 1970

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH By GERLING GLOBAL OFFICES INC., U.S. MANAGER

and at Chicago, Illinois this

GERLING GLOBAL REINSURANCE CORPORATION U. S. BRANCH

### GERLING GLOBAL REINSURANCE CORPORATION

UNITED STATES BRANCH -

O. S. BARAGER GERUNG GLOBAL OFFICES INC.

7" FIFTH AVENUE NEW YORK, N. Y. 10022

December 18, 1970

Argonaut Insurance Company 2 North Riverside Plaza Chicago, Ill. 60606

Re: Your participation in our 1st Excess of Loss for Facultative Casualty Business - File No. 4603

#### Gentlemen:

Prior to January 1, 1971, all of our excess protection was written for the common account of Gerling Global Reinsurance Corporation and their Quota Share Reinsurers. The basic quota share treaty provides protection for us when Motor Truck Cargo insurance was written in conjunction with Bodily Injury and Property Damage with a minimum underlying limit of \$2,000,000.00 combined over these three coverages.

We have eliminated the quota share treaty as of January 1, 1971 and it is our intention to continue to accept this type of business.

We would appreciate it if you would sign the enclosed copy of this letter as your acknowledgement of this,

Vice President

Secretary

RC: amm Encl.

acknowledged: Aryonaut Insurance Company
By: Robert H. Schermen Jr

December 31, 1970

THEPHONE PLANT : . 69BC

CARLE-"SERCONCERN

televijace, mai mie zniezm

### REINSURANCE AGREEMENT

### FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT First Excess - \$500,000 Excess \$500,000

#### between

GERLING GLOBAL REINSURANCE CORPORATION, UNITED STATES BRANCH, NEW YORK, N.Y., (including the liability of GERLING GLOBAL REINSURANCE COMPANY, TORONTO, ONTARIO, CANADA)

(hereinafter collectively called the "Company")

of the one part

and

THE COMPANIES SPECIFIED IN THE RESPECTIVE INTERESTS AND LIABILITIES AGREEMENT TO WHICH THIS AGREEMENT IS ATTACHED

(hereinafter called the "Reinaurer")

of the other part

WHIREAS the Company is desirous of reinsuring certain of its liability urizing under business accepted by it in its Facultative Casualty Department

NOW, THEREFORE, it is hereby agreed by and between the parties hereto one with the other as respects Facultative Casualty business:

> GERLING GLOBAL REINSURANCE CORPORATION U. S. BRANCH

Filed 03/05/2008

-2-

#### ARTICLE I

### INSURING CLAUSE

- (A) The Reinsurer agrees for the consideration hereinafter appearing to pay to the Company up to but not exceeding \$500,000 (Five Hundred Thousand Dollars) ultimate net loss each and every accident and/or occurrence any one original insured for which the Company shall become liable and shall pay in excess of \$500,000 (Five Hundred Thousand Dollars) ultimate net loss each and every accident and/or occurrence any one original insured under one or more original policies.
- (B) As respects Products Bodily Injury Liability Insurance assumed by the Company under Policies containing an aggregate limit of liability, the Reinsurer agrees to pay to the Company up to but not exceeding \$500,000 (Five Hundred Thousand Dollars) aggregate ultimate net loss for which the Company shall become liable and shall pay in excess of \$500,000 (Five Hundred Thousand Dollars) aggregate ultimate net loss in respect of each annual period any one original insured under one or more original policies.
- (C) The Reinsurer agrees to accept motor truck cargo business when written in conjunction with bodily injury and/or property damage liability in excess of a minimum combined single limit of \$2,000,000 (Two Million Dollars.)

The term "each and every accident and/or occurrence" as used herein bhall be understood to mean "each and every accident or occurrence or series of accidents or occurrences arising out of any one event" provided that as respects:

- (a) Products Liability; said term shall be understood to mean "injuries to all persons and all damage to property of others proceeding from the use or consumption of one prepared or acquired lot of merchandise or product";
- (b) All other classes of Bodily Injury Liability; said term shall also be understood to mean, as regards each original insured, "injuries to one or more than one person resulting from infection, contagion, poisoning or contamination proceeding from or traceable to the same causative Egency";
- (c) Property Damage (other than Automobile and Products) risks; said term shall, subject to provisions (i) and (ii) below, also be understood to mean "loss or losses caused by a series of operations, events or occurrences arising out of operations at one specific site and which cannot be attributed to any single one of such operations, events or occurrences but

U. S. SZAPILL

-3-

rather to the cumulative effect of same".

In assessing each and every accident and/or occurrence within the foregoing definition, it is understood and agreed that:

- (i) the series of operations, events or occurrences shall not extend over a period longer than 12 (Twelve) consecutive months, and
- (ii) the Company may elect the date on which the period of not exceeding 12 (Twelve) consecutive months shall be deemed to have commenced.

In the event that the series of operations, events or occurrences extend over a period longer than 12 (Twelve) consecutive months, then each consecutive period of 12 (Twelve) months, the first of which commences on the data elected under (ii) above, shall form the basis of claim under this Agreement.

(d) An occupational or other disease suffered by an employee which disease arises out of the employment and for which the employer is liable shall he deemed an accident within the meaning hereof. In case the Company shall within a Policy year sustain several losses arising out of such an occupational or other disease of one specific kind or class, suffered by several employees of one insured, such losses shall be deemed to arise out of one accident. A loss as respects each employee affected by the disease shall be deemed to have been sustained by the Company at the date when compensable disability of the employee commenced and at no culer date.

#### ARTICLE I

### UNDERLYING REINSURANCE AND CO-REINSURANCE

(ii) The Company warrants to retain net for its own account the first \$500,000 (Pive Hundred Thousand Dollars) withmate net loss each and every accident and/or occurrence any one original insured under one or more policies subject to reinsurances within the GERLING Group of insurance companies.

Furthermore, the Company is hereby granted permission to carry underlying excessof loss reinsurance, it being understood and agreed that in calculating the amount of any loss hereunder, and also in computing the amount in excess of which this Agreement attaches, the net loss of the Company shall not be considered as being reduced by any amount or amounts recoverable thereunder.

(ii) It is a warranty that the Company shall participate to the extent of 5% (Five percent) in this Agreement.

CHICDIO GLOSLI BENEDILANCE CORPORATION	
U. S. Balancii	

#### ARTICLE III

#### **EXCLUSIONS**

- i. This Agreement shall specifically exclude coverage in respect of Policies of Reinsurance issued by the Company in respect of the following classes or classifications:
  - (a) Aviation liability risks, except in cases where such Aviation liability risks are incorporated in a Policy covering Comprehensive or General Liability:
  - (b) Railroads in respect of Bodily Injury Liability to third parties resulting from the transportation of freight and passengers only. It is agreed that it is the intention of this Agreement to cover, but not by way of limitation, Policies issued by the Company in respect of Railroads covering Contractual Liability or Railroads' Protective, or Owners' Protective, or Owners' and Contractors' Protective Insurance.
  - (c) Excess Catastrophe Reinsurance Treaties of Insurance Companies;
  - (d) Ocean Marine Business when written as such;
  - (e) Directors' and Officers' legal liability;
  - (I) Underground Coal Mining but only as respects Excess Workmen's Compensation;
  - (g) Operation of Aircraft but only as respects Excess Workmen's Compensation;
  - (h) Fireworks Manufacturers but only as respects Excess Workmen's Compensation;
  - (i) Fuse Manufacturers but only as respects Excess Workmen's Compensation;
  - (j) Explosive Risks but only as respects Excess Workmen's Compensation;
  - (k) Risk of War, Bombardment, invasion, insurrection, rebellion, revolution, military or usurped power or confiscation by order of any government or public authority as excluded under a standard policy containing a standard war exclusion clause.

CC2LIX6	CLOCIL	Recognized	KONTAROGACO
	12	AL DOZANE	

(I) Nuclear risks as per attached wording.

The above mentioned exclusions other than c, d, k and I shall not apply to reinsummaces covering original Assureds regularly engaged in other operations which involve only incidental operations in any of the above exclusions. For purpose of this Contract, "incidental operations" shall be deemed to mean that not more than 10% of the annual revenue from all operations is derived from operations in any of the above exclusions.

2. In the event the Company becomes interested in a prohibited risk other than (1) described above, without its knowledge, in respect of which no other Reinsurance arrangements are available to the Company, either by an emisting Insured extending its operations or by an inadvertent acceptance by an Agent or otherwise of a Reinsured Company, this Agreement shall attach in respect to such prohibited risks but only until discovery by the Company and for not exceeding 30 (Thirty) days thereafter.

### ARTICLE IV

### ATTACHMENT

This Agreement shall take effect at the date and time specified in the Interests and Liabilities Agreement attached hereto and shall apply to all losses occurring on and after that date and time.

Notwithstanding the above paragraph, the liability of the Reinsurer in turnedt of the aggregate coverage on occupational or other disease which is provided under paragraph (d) of Article I shall attach as of the effective date . Policies becoming effective on or after the date and time specified in the inducests and Liabilities Agreement and as of the next renewal or anniversary dance of Policies in force.

### ARTICLE V

### C. MCDLLATION

This Agreement may be cancelled at Midnight any December 31st by withor party giving the other at least 100 (One Hundred) days notice in advance by registered mail.

Nevertheless, the Company at its sole option shall have the right to require this Agreement to continue to apply to all losses occurring on business. In force during said period of 100 (One Mundred) days until their natural expirahow or pent anniversary date, whichever first occurs subject to the payment of the samed premium on such business.

Notwithstanding the second paragraph above, the liability of the Reinsurer in respect of the aggregate coverage on occupational or other disease which is provided under paragraph (d) of Article I shall continue until the next

GERLING GI	LOBAL	REINSURANCE	CORPORATION	
•	ซ	. S. ERANCH		***************************************

-á-

renewal or anniversary date, whichever first occurs, of Policies in force at the effective date of cancellation of this Agreement.

### ARTICLE VI

### PREMIUM

The Company shall pay to the Reinsurer premium calculated at 6% (Bight Percent) of its gross net earned premium income in respect of business accepted by the Company in its Facultative Casualty Department.

By "gross net earned premium income" is meant the earned proportion. of the Company's gross written premium in respect of the subject matter of this Agreement less cancellations and return of premium and premiums on Reinsurances which inure to the benefit of this Agreement.

The Company shall pay to the Roinsurer, in quarterly installments, Rainsurer's proportion of an annual Deposit Premium of \$200,000 (Twohundredthousand Dollars). Should the Promium for each annual period calculated in accordance with the first paragraph of this Article exceed the said Deposit Premium for each annual period, the Company agrees to pay the difference to the Reinsurer, but should it be less, it is agreed that the Minimain Premium payable to the Reinsurer shall be its proportion of \$120,000 Onshundredtwentythousand Dollars) for each armual period this Agreement ls in force.

### ARTICLE VII

### ticimate net loss clause

"Ultimate Net Loss" shall meen the sum actually paid in cash in the combement of losses for which the Company is liable, after deducting all salvages, recoveries and other reinsurance provided, however, that in the event of the insolvency of the Company, "Ultimate Net Loss" shall mean the amount of loss which the insolvent Company has incurred or is liable for, and payment by the Reinsurer shall be made to the receiver or statutory cuccessor of the Company in accordance with the provisions of Article XII. of this Reinsurance Agreement known as the "Insolvency Clause".

#### ARTICLE VII

### CILINS.

The Company shall advise the Roinsurer with reasonable promptitude: of any loss occurrence or event in which the Reinsurer is likely to be invelved and shall provide the Reinsurer with full information relative thereto.

•	GERLING GLOBAL REINSURFICE CORPORATION	
	u. s. zranci	7

- 7 -

The Reinsurer, through its appointed representatives, shall have the gions to co-operate with the Company in the delense and/or settlement of any filling or claims in which it may be interested. All settlements made by the Company in co-operation with the Reinsurer's appointed representatives ....... he binding on the Reinsurer, and all settlements made by the Company and course where the Reinsurer elects not to co-operate with the Company shall he builting on the Reinsurer.

The Company agrees that all papers connected with the adjustment of shall at any reasonable time be at the command of the Reinsurer or purvies designated by it for inspection.

Reinsurers not authorized to do business in the State of New York shall Lyon request make cash advances for losses incurred but not paid in an timount not to exceed the Reinsurer's share of such unpaid claims. Cash sevences shall be made within 10 (Ten) days after notification by the Company.

### <u>ARTICLE IX</u>

## MINISTED OF SETTLEMENT COSTS CLAUSE

Expenses incurred by the Company in connection with the investigation and adjustment of claims and suits shall be apportioned as follows:

- ... Unould the claims or suits arising out of any one occurrence be adjusted for a sum not exceeding the amount in excess of which Reinsurer heremider become liable, then no expenses shall be payable by the Reinsures;
- ... Should, however, the sum which is paid in adjustment of such claims or pult result in an amount being recovered under this Agreement, then the expenses shall be borne by the Company and the Reinsurer in the ratio Li their respective liabilities as finally determined provided, however, was the Reinsurer shall not be liable for any part of the salaries of plincials of or office expenses of the Company.

### ARTICLE N

### <u>NOTATION</u>

In the event of the Company becoming liable to make periodical payments mer may business relatured hereunder, the Reinstrer at any time after Twenty Four) months from the date of the occurrence, shall be at liberty a causem the payments falling due from it by the payment of a lump sum.

GRATIZE	عنصت		COTIVITATION	
	υ	نټنندن ڪ .		

In such event, the Company and the Rollisurer shall mutually appoint an The Adiabuter's proportion of the amount so determined shall be considered it amount of loss hereunder and the payment thereof shall constitute a complete release of the Reinsurer for its liability for such claim so . ۵۵ % ایکنالیان

### ARTICLE X

### LOILS AND CMISSIONS

No accidental errors and/or omissions upon the part of the Company that! pullage the Reinsurer of Mability provided such errors and/or omissions are munified as soon after discovery as possible. Novertheless, the Reinsurer tuntly included in the premium computation but which ought not to have been the added by reason of the conditions of this Agreement.

### ARTICLE XI

### AS TABLES CLAUSE

In consideration of the continuing and reciprocal banefits to accure here-... to the Reinsurer, the Roinsurer horoby agrees that as to all reinsurance no. coded, renewed or otherwise bocoming effective under this Agreement, .. vanuurance shall be payable by the Reinsurer on the basis of the liability . ... Company under the contract or contracts reinsured, without diminution addition of the insolvency of the Company directly to the Company or to its . Mander, receiver or other statutory successor, except as provided by , contain 315 of the New York insurance Law or except (a) where the contract . ...diffcelly provides enother payes of such reinsurance in the event of inassessor of the Company and (b) where the Reinsurer with the consent of the leser Assured or Assureds has assumed such policy obligations of the . ... mpany as direct obligations of the Reinsurar to the payees under such audios and in substitution for the obligations of the Company to such payer.

If it further agreed and understood that in the event of insolvency of the ampany, the liquidator or receiver or statutory successor of the insolvent hopping shall give written notice to the Rollisurer of the pendency of a claim That the insolvent Company on the policy or bond reinsured with the Reinsura widthin a reasonable time after such claim is filed in the insolvency proand that during the pendency of such disim the Reinsurer may investi-.. and claim and interpose, at its own expense, in the proceeding where an claim is to be adjudicated any defense or defenses which it may deem

CITATING CLOCAL TENANTEMENT CORPORATION	
W. S. THANCA	رييدية بين مديد بيني القيارة في القيالة التعطيري التالية في السيارية التي التعطيرية التالية في السيارية التي ا -

-9-

the facility to the Company or its Meditator or receiver or stamtory successor. The unitense thus incurred by the Reinstror shall be chargeable subject to nours approval against the insolvent Company as part of the expense of liquiand on the extent of a proportionate share of the banefit which may accrue. to the Company solely as a result of the defense undertaken by the Reinsurer.

Whose two or more Reinsurers are involved in the same claim, and a and only is interest elect to interpose delense to outh claim, the expense and the appointment in accordance with the terms of this Agreement as though but expense had been incurred by the Company.

### ARTICLE XIII

### Y

It is specially provided, anything to the contrary notwithstanding, that if The or regulation of the Federal or any State or Local Government of ... United States or the decision of any Court shall reader illegal the arrange-Anna hereby made, this Agreement may be terminated immediately by the ... imputation to perminate this Agreement provided always that the Reinsurer much comply with such law or with the terms of such decisions.

### ARCICLE NIV

#### 

Lar dispute or difference howeafter armsing with reference to the Interpretation, application or effect of this Rejustrance Agreement or any part thereof, whether arising before or after termination of the Reinstrance Agreement, shall be referred to a Board of Arbitration consisting of two (2) arbitrators and an umpire, who shall be active or regired officers of Insurance or References Companies. The sear while Board of Arbitration shall be in New York unless the disputative ajros omerwise.

One (1) arbitrator shall be chosen by the Company and the other by the Reinsurer. The umpire shall be chosen by the two (2) arbitrators.

.... Abracion shall be initiated by either the Company or the Reinsurer , and peditioner) demanding arbitration and naming its arbitrator. The amer party (the respondent) shall than have thirty (30) days, after ... colving demand in writing from the potitioner, within which to configurate its arbitrator. In case the respondent fails to designate

	· ·	
عتنت	KONTEROTO TOTTOTALE COLOGENOR	
	D. A. M.LVC.	<u> </u>

- 10 -

he exploration which the time stated above, the petitioner is expressly unificatived and empowered to name the second arbitrator, and the respondent shall not be deemed aggrieved thoreby. The arbitrators shall cooligante sa umpire within thirty (50) days after both arbitrators have bear named. In the event the two (2) arbitrators do not agree within thirty (30) days on the selection of an umpire, each shall nominate one (.) compire. Within thirty (50) days therealter the selection shall be made by arawing loss. The name of the purpy first crawn shall be the umpire.

... Each parry shall submit its case to the Lourd of Arbitration within thirty (50) days from the date of the appointment of the umpire, but this puriod of time may be extended by unanimous consent, in writing, of ine Board. The Board shall interpret this Reinsurance Agreement as un homorable ongagement rather than as a morely technical legal obligation and shall make its award with a view to effecting the general purpose of this Reinsurance Agreement in a reasonable manner, rather than in secondance with the literal interpretation of the language. It shall be ralloved from all judicial formalities and may abstain from following: the strict rules of law. The decision in writing of the Board or a majority of the Board rendered at the earliest convenient date shall be final and blading upon all parties.

The Company and the Reinsurer shall each pay the lee of its own arbitrator ..... half the fee of the umpire, and the remaining costs of the arbitration which he paid as the Board shall direct. In the event both arbitrators are thusen by the petitioner, as provided in paragraph (C) above, the Company and the Reinsurer phall cach pay one half (1/2) of the fees of hour of the arbitrators and the umpire, and the remaining costs of the urbitrations shall be paid as the Board shall direct.

### <u>article ny</u>

### MONTER ONDESTANCE

This Agreement shall be consumed as as honorable undertaking between parties hereto not to be defeated by reclaical legal construction, it being in action of this Agreement that the fortunes of the Reinsurer shall follow ... fortunes of the Company.

### NUCLEAR INCIDENT EXCLUSION CLAUSE—LIABILITY—REINSURANCE

(1) This reinsurance does not cover any loss or liability secruing to the Company (ies) as a member of, or subscriber ta, any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such member, subscriber or association.

(2) Without in any way restricting the operation of paragraph (1) of this Clause it is understood and agreed that for all purposes of this reinsurance all the original policies of the Company(ies) (new, renewal and replacement) of the clauses specified in Clause II of this paragraph (2) from the time specified in Clause III in this paragraph (2) shall be deemed to include the following provision tapecified as the Limited Exclusion Prevision.

Limited Exclusion Prevision.

Lit is agreed that the policy does not apply under any liability coverage, to injury, sickness, disease, death or destruction with respect to which as insured under the policy is also an insured under a nuclear energy liability policy femal by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability.

II. Family Automobile Policies (liability only), Special Automobile Policies (private paragrage automobiles, liability only), Farmers Comprehensive Personal Liability Policies (liability only), or policies of a similar nature; and the liability portion of combination forms related to the foor clauses of policies stated above, such as the Comprehensive Decling Policies and the applicable types of Homeswoore Policies.

Lit is inception dates and thereafter of all original policies as described in II above, whether ages, renewal or replacement, being policies which eithers

(a) become effective on or after 1st May, 1960, or

Delicies stated above, such as the Comprehensive Dwelling Policy and the applicable types of Homesware Posteve,

III. The inception dates and thereafter of all original policies as described in II above, whether new, renewal or replacement, being policies which either

(a) become effective on after lat May, 1960, or

(b) become effective before that date and contain the Limited Exclusion Provision set out above;

provided this paragraph (2) shall not be applicable to Family Automobile Policies, Special Automobile Policies or combination policies of a similar nature, issued by the Company (inc) on New York risks, notell 90 days following approval of the Limited Exclusion Provision by the Company (inc) on New York risks, notell 90 days following approval of the Limited Exclusion Provision by the Governmental Authority having justicistic through the operation of paragraph (1) of this Clause, it is understeed and agreed that for all purposes of this reinsegrance the original liability policies of the Company (inc) (new, renewal and replacement) affecting the following coverages:

Owners, Landlords and Tenants Liability, Contractural Liability, Following coverages:

Owners, Landlords and Tenants Liability, Contractural Liability, Product Liability, Profussional and Malsonatice Liability, Storckaepers Liability, Gazage Liability, Automobile Liability (including Massachusette Motor Vehicle or Garage Liability)

shall be demod to include, with respect to such coverages, from the time specified in Clause V of this paragraph (3), the following provision (specified as the Bread Exclusion Provision):

Annual Exclusions Provision.

It is agreed that the policy does not apply:

I. Under any Liability Coverage, to injury, sickness, disease, death or destruction

(a) with respect to which an insured under the policy is the an insured under a nuclear energy Hability policy issued by Nuclear Energy Liability Insurances Association. Mutual Atomic Energy Liability Outer or Nuclear Insurance Association of Canuda, or would be an in

organization.

III. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material, if

I nuclear material, if

(a) the nuclear material (1) is at any nuclear incility owned by, or operated by or on behalf of, an immered or (2) has been discharged or dispersed therefrom;

(b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, started, transported or disposed of by or on behalf of an insured; or

(c) the injury, sickness, disease, death or destruction erises out of the furnishing by an issured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear incility, but if such facility is located within the United States of America, its tetritories or passessions or Canada, this exclusion (c) applies only to injury to or destruction of property at such anchor incility.

"hazardons properties" include radiocetive, texic or explosive properties; "anciens material" means source material, special nuclear material or byproduct material; "source material", "spocial nuclear material", and "jypproduct material" have the meanings given them in the Atomic Evergy Act of 1956 or in any law amendatory thereof; "sport facel" means say fact element or fad component, solid or liquid, which has been used or expended to radiation in a nuclear reactor; "mace" means any wate material (2) containing byproduct material and (2) resulting from the operation by any portion or organization of any nuclear facility included within the definition of any nuclear facility under paragraph (a) or (b) thereof; "nuclear facility" means

(a) any nuclear reactor,

(b) any equipment or device designed or used for (2 separating to isotopes of uranism or pistonism, (2) processing or product paragraph (a) or (b) thereof; "nuclear facility" means,

(c) any equipment or device used for the processing, indicating or alloying of special nuclear material is at any inner the total amount of such material; in the custody of the innered at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or versation 233 or any combination thereof, or more than 250 grams of uranium 235,

(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of smale, and includes the site on which any of the foregoing is located, all operations conducted on such allo and all premises used for such operations; "nuclear reactor" means any appearance designed or mead on such allo and all premises used for such operations; "nuclear reactor" means any appearance designed or mead to react an inclose factor of a contain a critical mass of fissionable material;

With respect to injury to or destruction of property, the word "injury" or "destruction" includes all forms of radio-active contentination of property.

The inception dates and thereafter of all origi

thereon. It is further provided that original liability policies affording coverages described in this peragraph (3), (other than those policies and coverages described in II) and (ii) above), which become effective before 1st May, 1960, and do not contain the Broad Exclusion Provision set out in any Nuclear Incident Exclusion Clause-Liability-Reinsurance endorsement prior to February 4, 1960, which be construed as if incorporating such portions of the Broad Exclusion Provision set out shows as are more liberal to the indiger of such if incorporating such portions of the Bread Exclusion Provision set out above as are more liberal to the indicers of such policies.

(4) Without in any way restricting the operation of paragraph (1) of this clause it is understood and agreed that original liability policies of the Campany (iet), for these classes of policies

(a) described in Clause II of paragraph (2) effective before 1st June, 1958, or

(b) described in peragraph (3) effective before 1st Asarch, 1958,

shall be free until their natural expiry dates or lat June, 1963, whichever first occurs, from the application of the other provisions of this Clause.

(5) Without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that paragraphs (2) and (3) above are not applicable to original lightity policies of the Company(ios) in Canada and that with respect to such policies this Clause shall be deemed to include the Nuclear Energy Limbility Exclusion Provisions actually used on anche policies by the Company(ics); provided that if the Company(ics) that full to include such Exclusion Provisions in any such policy where it is legally permitted to do so, such policy shall be deemed to include such Exclusion Provisions.

#### REPORTED THE PROPERTY OF THE P

- 1. This Reinsurance does not cover any loss or liability accreing to the Researed, directly or indirectly and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering August or Nuclear Energy risks.
- 2. Without in any way restricting the operation of paragraph (1) of this Clause, this Reinsurese does not cover any loss or liability accruing to the Reassured, directly or indirectly and whether as incurer of Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:
  - I. Nuclear reactor power plants including all auxiliary property on the site, or
  - II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and "critical facilities" as such, or
  - III. Installations for fabricating complete fuel elements or for processing substantial quantities of "special nuclear material", and for reprocessing, salvaging, chemically separating, storing or disposing of "spent" nuclear fuel or waste materials, or
  - IV. Installations other than those fisted in paragraph (2) III above using substantial quantities of radionedve isotopes or other products of nuclear fistion.
- 3. Without in any way restricting the operations of paragraphs (1) and (2) hereaf, this Reinmerance does not cover any loss or liability by radioactive contamination accruing to the Ressured, directly or indirectly, and whether as Insurer or Reinmera, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not appears
  - (a) where Reasured does not have knowledge of such nuclear reactor power plant or suclear installation, or
  - (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after lat January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.
- 4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Arianusance does not cover any loss or liability by radioactive contamination accrains to the Resoured, directly or indirectly, and whether as Insurer or Reissurer, when such radioactive contamination is a named housed specifically insured against.
- 5. It is understood and agreed that this Clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Ressurers to be the primary hazard.
- 6. The term "special nuclear material" shall have the meaning given it in the Atomic Energy Act of 1954 or by any low amendatory thereof,
  - 7. Resoured to be sole judge of what constitutes:
    - (a) substantial quantities, and
    - (b) the extent of installation, plant or site.

Note,-Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

- (a) all policies issued by the Reasoured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until explry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply,
- (b) with respect to any risk located in Canada policies issued by the Reasured on or before 31st December 1958 thall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

### ADDENDUM NO. 1 to the

### INTERESTS AND LIABILITIES AGREEMENT

FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT First Excess - \$500,000 Excess \$500,000

#### between

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH, New York, N.Y. AND THEIR QUOTA SHARE REINSURERS, of the one part

Argonaut Insurance Co., Menlo Park, California

of the other part.

It is hereby understood and agreed that effective January 1, 1972. the third paragraph of ARTICLE VI, Premium, of the attached Agreement is amended to read as follows:

The Company shall pay to the Reinsurer, in quarterly installments, Reinsurer's proportion of an annual Deposit Premium of \$400,000 (Fourhundredthousand Dollars). Should the Premium for each annual period calculated in accordance with the first paragraph of this Article exceed the said Deposit Premium for each annual period, the Company agrees to pay the difference to the Reinsurer, but should it be less, it is agreed that the Minimum Premium payable to the Reinsurer shall be its proportion of \$250, 000 (Twohundredfiftythousand Dollars) for each annual period this Agreement is in force.

All other terms and conditions shall remain unchanged.

IN WITNESS WHEREOF bte parties hereto, by their respective duly authorized officers, have executed this Agreement, in duplicate, as of the dated undermentioned,

At New York, N. Y.

this 30th day of December 1971

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH By GERLING GLOBAL OFFICES INC., U.S. MANAGER

ERCING GLOBAL REINSUR

U. S. BRANCH

GERLING GLOBAL REINSURANCE CORPORATION, UNITED STATES BRANCH NEW YORK, N.Y.

### FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT First Excess - \$500,000 Excess of \$500,000

### INTERESTS AND LIABILITIES AGREEMENT

IT IS HEREBY MUTUALLY AGREED, by and between GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH, AND THEIR QUOTA SHARE REINSURERS, (hereinafter collectively called the "COMPANY"), of the one part, and

ARGONAUT INSURANCE COMPANY, Menlo Park, California, (nersinafter called the "SUBSCRIBING REINSURER"), of the other part, that the SUBSCRIBING REINSURER shall have a 10.0 % ( ten -) share in the interests and liabilities of the 'REINSURER" as set percent forth in the document attached hereto, entitled FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT, First Excess - \$500,000 Excess \$500,000. The share of the SUBSCRIBING REINSURER shall be separate and apart from the share of the other reinsurers, and shall not be joint with those of the other reinsurers, and the SUBSCRIBING REINSURER shall in no event participate in the interests and liabilities of the other reinsurers.

This Agreement shall take effect at 12:01 a.m. 1st January, One Thousand Nine Hundred and Seventy One and may be cancelled as per the attached Agree ment and supersedes all other wordings agreed to and signed by the SUB-SCRIBING REINSURER.

IN WITNESS WHEREOF the parties hereto, by their respective duly authorized officers, have executed this Agreement, in duplicate, as of the dates undermentioned.

At New York, N.Y. this

7th day of October 1971

GERLING GLOBAL REINSURANCE CORPORATION. U.S. BRANCH By GERLING GLOBAL OFFICES INC., U.S. MANAGER

rollecter	£ 12 - 5 -
was President	Secretary
and at Menu Mary bustins 18th	day of Between 1971
June - State	Assor the Partient
	Aser the Authent

U. S. BRANCE

1971-1972

466.3

### ADDENDUM NO. II

to the

INTERESTS AND LIABILITIES AGREEMENT FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT First Excess - \$500.000 Excess \$500,000 Dated in New York,, N.Y., October 7, 1971

#### between

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH, New York, N.Y. AND THEIR QUOTA SHARE REINSURERS, of the one part

ARGONAUT INSURANCE COMPANIES, Menlo Park, California of the other part.

IT IS HEREBY UNDERSTOOD AND AGREED that effective January 1, 1972 the following paragraphs or articles are amended to read:

- 1) Article I Insuring Clause (B) As respects Liability assumed by the Company under Policies containing an aggregate limit of liability, the Reinsurer agrees to pay to the Company up to but not exceeding \$500,000 (Five Hundred Thousand Dollars) aggregate ultimate net loss for which the Company shall become liable and shall pay in excess of \$500,000 (Five Hundred Thousand Dollars) aggregate ultimate net loss in respect of each annual period any one original insured under one or more original policies.
- 2) Article II Underlying Reinsurance and Co-Reinsurance It is warranted that the Company retains within the GERLING Group of Insurance Companies:

The first \$250,000 50% of \$250,000 Excess \$250,000 5% of this Agreement

ultimate net loss each and every accident and/or occurrence any one original insured under one or more policies.

It is understood and agreed that in calculating the amount of any loss hereunder, and also in computing the amount in excess of which this Agreement attaches, the net loss of the Company shall not be considered as being reduced by any amount or amounts recoverable under the underlying excess of loss reinsurance.

> GERLING GLOBAL REINBURANCE CORPORATION U. S. BRANCH

. 2 -

- 3) Article IV Attachment Paragraph 2

  Notwithstanding the above paragraph, the liability of the Reinsurer in respect of the aggregate coverage on occupational or other disease and any Policy which provides an aggregate limit of liability shall attach as of the effective date of Policies becoming effective on or after the date and time specified in the Interests and Liabilities Agreement and as of the next renewal or amiversary date of Policies in force.
- 4) Article V Cancellation Paragraph 3

  Notwithstanding the second paragraph above, the liability of the Reinsurer in respect of the aggregate coverage on occupational or other disease and any Policy which provides an aggregate limit of liability shall continue until the next renewal or anniversary date, whichever first occurs, of Policies in force at the effective date of cancellation of this Agreement.

It is furthermore mutually understood and agreed that this Agreement is terminated as of December 31, 1972 in accordance with Article V.

IN WITNESS WHEREOF the parties hereto, by their respective duly authorized officers, have executed this Agreement, in duplicate, as of the dates undermentioned.

At New York, N. Y., this 15th day of Securiar, 1972

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH By GERLING GLOBAL OFFICES INC., U.S. MANAGER

Assistant Vice President Vice President & Secretary

and in Heule lack, Californi this 22 day of December, 1972

Low Danish RM Februar &

GERILING GLOBAL REINSURANCE CORPORATION

#### CANCELLATION ADDENDUM

to the

### FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT

### First Excess \$500,000 Excess \$500,000

between

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH, New York New York, and their QUOTA SHARE REINSURERS.

and

### ARGONAUT INSURANCE COMPANY, Menlo Park, California

IT IS HEREBY UNDERSTOOD AND AGREED that in accordance with Article V of the above Contract the participation of the Subscribing Reinsurer. is terminated effective Midnight, December 31, 1975.

IN WITNESS WHEREOF the parties hereto, by their respective duly authorized officers, have executed this Addendum, in duplicate, as of the dates undermentioned.

At New York, N. Y., this 14th day of June, 1976

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH BY GERLING GLOBAL OFFICES INC., U.S. MANAGER

and at Miris Park this 28 4

Carre C Suffrie

GERLING GLOBAL REINSURANCE CORPORATION U. S. BRANCII

Up to 1975

#### CANCELLATION ADDENDUM

to the

# FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT

# First Excess \$500,000 Excess \$500,000

between

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH, New York New York, and their QUOTA SHARE REINSURERS,

and

# ARGONAUT INSURANCE COMPANY, Monlo Park, California

IT IS HEREBY UNDERSTOOD AND AGREED that in accordance with Article V of the above Contract the participation of the Subscribing Reinaurer is terminated effective Midnight, December 31, 1975.

IN WITNESS WHEREOF the parties hereto, by their respective duly authorized officers, have executed this Addendum, in duplicate, as of the dates undermentioned.

At New York, N. Y., this 14th day of June, 1976

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH BY GERLING GLOBAL OFFICES INC., U.S. MANAGER

V/ce President			Vice President & Secretary		•
and at		this	day of	1976	
		•			

GERLING GLOBAL REINSURANCE CORPORATION U. S. BRANCH

Up to 1975

# 1973 - 1975

4663

# ADDENDUM NO. 1

to the



INTERESTS AND LIABILITIES AGREEMENT FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT First Excess \$500,000 Excess \$500,000

IT IS HEREBY MUTUALLY AGREED, by and between GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH and THEIR QUOTA SHARE REINSURERS (hereinafter collectively called the "Company"), of the one part, and ARGONAUT INSURANCE COMPANY, Menlo Park, California (hereinafter called the "Subscribing Reinsurer"), of the other part, that the "Subscribing Reinsurer" shall have a 13 % (thirteen percent) share in the interests and liabilities of the "Reinsurer" as set forth in the document attached hereto, entitled FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT, First Excess - \$500,000 Excess \$500,000. The share of the "Subscribing Reinsurer" shall be separate and apart from the share of the other reinsurers, and shall not be joint with those of the other reinsurers, and the "Subscribing Reinsurer" shall in no event participate in the interests and liabilities of the other reinsurers.

This Agreement shall take effect at 12:01 a.m. January 1st, One Thousand Nine Hundred and Seventy Four and may be cancelled as per the attached Agreement, and supersedes all other wordings agreed to and signed by the "Subscribing Reinsurer".

IN WITNESS WHEREOF the parties hereto, by their respective duly authorized officers, have executed this Agreement, in duplicate, as of the dates undermentioned.

At New York, New York, this 11th day of February, 1974

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH By GERLING GLOBAL OFFICES INC., U.S. MANAGER

Vice President & Secretary

and at Menlo Park, Cal.

this /474 day of

FEB.

1974

ARGONAUT INSURANCE COMPAN

Ulanda Ulas haus

GERLING GLOBAL REINSURANCE CORPORATION

U. S. BRANCH

GERLING GLOBAL REINSURANCE CORPORATION, UNITED STATES BRANCH NEW YORK, N.Y.

# FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT First Excess - \$500,000 Excess of \$500,000

# INTERESTS AND LIABILITIES AGREEMENT

IT IS HEREBY MUTUALLY AGREED, by and between GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH, AND THEIR QUOTA SHARE REINSURERS, (hereinafter collectively called the "COMPANY"), of the one part, and

ARGONAUT INSURANCE COMPANIES, Menlo Park, California (hereinafter called the "SUBSCRIBING REINSURER"), of the other part, that the SUBSCRIBING REINSURER shall have a 10 % ( ten percent ----------) share in the interests and liabilities of the "REINSURER" as set forth in the document attached hereto, entitled FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT, First Excess - \$500,000 Excess \$500,000. The share of the SUBSCRIBING REINSURER shall be separate and apart from the share of the other reinsurers, and shall not be joint with those of the other reinsurers, and the SUBSCRIBING REINSURER shall in no event participate in the interests and liabilities of the other reinsurers.

This Agreement shall take effect at 12:01 a.m. 1st January, One Thousand Nine Hundred and Seventy Three and may be cancelled as per the attached Agreement.

IN WITNESS WHEREOF the parties hereto, by their respective duly authorized officers, have executed this Agreement, in duplicate, as of the dates undermentioned.

At New York, N. Y. this

29th day of December, 1972

GERLING GLOBAL REINSURANCE CORPORATION, U.S. BRANCH By GERLING GLOBAL OFFICES INC., U.S. MANAGER

# REINSURANCE AGREEMENT

# FACULTATIVE CASUALTY EXCESS OF LOSS FOR COMMON ACCOUNT First Excess - \$500,000 Excess \$500,000

#### between

GERLING GLOBAL REINSURANCE CORPORATION, UNITED STATES BRANCH, NEW YORK, N. Y., (including the liability of GERLING GLOBAL REINSURANCE COMPANY, TORONTO, ONTARIO, CANADA)

(hereinafter collectively called the "Company")

of the one part

and

THE COMPANIES SPECIFIED IN THE RESPECTIVE INTERESTS AND LIABILITIES AGREEMENT TO WHICH THIS AGREEMENT IS ATTACHED

(hereinafter called the "Reinsurer")

of the other part

WHEREAS the Company is desirous of reinsuring certain of its liability arising under business accepted by it in its Facultative Casualty Department

NOW, THEREFORE, it is hereby agreed by and between the parties hereto one with the other as respects Facultative Casualty business:

- 2 - .

#### article i

#### INSURING CLAUSE

- (A) The Reinsurer agrees for the consideration hereinafter appearing to pay to the Company up to but not exceeding \$500,000 (Five Hundred Thousand Dollars) ultimate net loss each and every accident and/or occurrence any one original insured for which the Company shall become liable and shall pay in excess of \$500,000 (Five Hundred Thousand Dollars) ultimate net loss each and every accident and/or occurrence any one original insured under one or more original
- (B) As respects Liability assumed by the Company under Policies containing an aggregate limit of liability, the Reinsurer agrees to pay to the Company up to but not exceeding \$500,000 (Five Hundred Thousand Dollars) aggregate ultimate net loss for which the Company shall become liable and shall pay in excess of \$500,000 (Five Hundred Thousand Dollars) aggregate ultimate net loss in respect of each annual period any one original insured under one or more original policies.
- (C) The Reinsurer agrees to accept motor truck cargo business when written in conjunction with bodily injury and/or property damage liability in excess of a minimum combined single limit of \$2,000,000 (Two Million Dollars).

The term "each and every accident and/or occurrence" as used herein shall be understood to mean "each and every accident or occurrence or series of accidents or occurrences arising out of any one event" provided that as respects:

- (a) Products Liability; said term shall be understood to mean "injuries to all persons and all damage to property of others proceeding from the use or consumption of one prepared or acquired lot of merchandise or product";
- (b) All other classes of Bodily Injury Liability; said term shall also be understood to mean, as regards each original insured. "injuries to one or more than one person resulting from infection, contagion. poisoning or contamination proceeding from or traceable to the same causative agency".
- (c) Property Damage (other than Automobile and Products) risks; said term shall, subject to provisions (i) and (ii) below, also be understood to mean 'loss or losses caused by a series of operations, events or occurrences arising out of operations at one specific site and which cannot be attributed to any single one of such operations, events or occurrences but rather to the cumulative effect of same".

In assessing each and every accident and/or occurrence within the foregoing definition, it is understood and agreed that:

- (i) the series of operations, events or occurrences shall not extend over a period longer than 12 (Twelve) consecutive months, and
- (ii) the Company may elect the date on which the period of not exceeding 12 (Twelve) consecutive months shall be deemed to have commenced.

In the event that the series of operations, events or occurrences extend over a period longer than 12 (Twelve) consecutive months, then each consecutive period of 12 (Twelve) months, the first of which commences on the date elected under (ii) above, shall form the basis of claim under this Agreement.

(d) An occupational or other disease suffered by an employee which disease arises out of the employment and for which the employer is liable shall be deemed an accident within the meaning hereof. In case the Company shall within a Policy year sustain several losses arising out of such an occupational or other disease of one specific kind and class, suffered by several employees of one Insured, such losses shall be deemed to arise out of one accident. A loss as respects each employee affected by the disease shall be deemed to have been sustained by the Company at the date when compensable disability of the employee commenced and at no other date.

#### ARTICLE II

#### UNDERLYING REINSURANCE AND CO-REINSURANCE

It is warranted that the Company retains within the GERLING Group of Insurance Companies:

The first \$250,000 50% of \$250,000 Excess \$250,000 20% of this Agreement

ultimate net loss each and every accident and/or occurrence any one original insured under one or more policies.

It is understood and agreed that in calculating the amount of any loss hereunder, and also in computing the amount in excess of which this Agreement attaches, the net loss of the Company shall not be considered as being reduced by any amount or amounts recoverable under the underlying excess of loss reinsurance,

Gerling	<b>GLOBAL</b>	REINSURANCE	CORPORATION
	. 1	J. S. BRANCH	

# ARTICLE III

#### **EXCLUSIONS**

- This Agreement shall specifically exclude coverage in respect of Policies of Reinsurance issued by the Company in respect of the following classes or classifications:
  - (a) Aviation liability risks, except in cases where such Aviation liability risks are incorporated in a Policy covering Comprehensive or General Liability;
  - (b) Railroads in respect of Bodily Injury Liability to third parties resulting from the transportation of freight and passengers only. It is agreed that it is the intention of this Agreement to cover, but not by way of limitation, Policies is sued by the Company in respect of Railroads covering Contractual Liability or Railroads' Protective, or Owners' Protective, or Owners' and Contractors' Protective Insurance.
  - (c) Excess Catastrophe Reinsurance Treaties of Insurance Companies;
  - (d) Ocean Marine Business when written as such;
  - (e) Directors' and Officers' legal liability;
  - (f) Underground Coal Mining but only as respects Excess Workmen's Compensation;
  - (g) Operation of Aircraft but only as respects Excess Workmen's Compensation:
  - (h) Fireworks Manufacturers but only as respects Excess Workmen's Compensation;
  - (i) Fuse Manufacturers but only as respects Excess Workmen's Compensation:
  - (j) Explosive Risks but only as respects Excess Workmen's Compensation;
  - (k) Risk of War, Bombardment, invasion, insurrection, rebellion, revolution, military or usurped power or confiscation by order of any government or public authority as excluded under a standard policy containing a standard war exclusion clause.

CHATTHO CLOSEL BRINDSHARCE COMPORATION

# Nuclear risks as per attached wording,

The above mentioned exclusions other than c, d, k, and I shall not apply to reinsurances covering original Assureds regularly engaged in other operations which involve only incidental operations in any of the above exclusions. For purpose of this Contract, "incidental operations" shall be deemed to mean that not more than 10% of the annual revenue from all operations is derived from operations in any of the above exclusions.

2. In the event the Company becomes interested in a prohibited risk other than (1) described above, without its knowledge, in respect of which no other Reinsurance arrangements are available to the Company, either by an existing Insured extending its operations or by an inadvertent acceptance by an Agent or otherwise of a Reinsured Company, this Agreement shall attach in respect to such prohibited risks but only until discovery by the Company and for not exceeding 30 (Thirty) days thereafter.

#### ARTICLE IV

#### ATTACHMENT

This Agreement shall take effect at the date and time specified in the Interests and Liabilities Agreement attached hereto and shall apply to all losses occurring on and after that date and time.

Notwithstanding the above paragraph, the liability of the Reinsurer in respect. of the aggregate coverage on occupational or other disease and any Policy which provides an aggregate limit of liability shall attach as of the effective date of Policies becoming effective on or after the date and time specified in the Interests and Liabilities Agreement and as of the next renewal or anniversary date of Policies in force.

#### ARTICLE V

CANCELLATION
This Agreement may be cancelled at Midnight any December 31st by either party giving the other at least 100 (One Hundred) days notice in advance by registered mail.

Nevertheless, the Company at its sole option shall have the right to require this Agreement to continue to apply to all losses occurring on business in force during said period of 100 (One Hundred) days until their natural expiration or next anniversary date, whichever first occurs subject to the payment of the earned premium on such business.

Notwithstanding the second paragraph above, the liability of the Reinsurer in respect of the aggregate coverage on occupational or other disease and any Policy which provides an aggregate limit of liability shall continue until the nex

-6-.

renewal or anniversary date, whichever first occurs, of Policies in force at the effective date of cancellation of this Agreement,

# ARTICLE VI

# PREMIUM

The Company shall pay to the Reinsurer premium calculated at 6% (Six Percent) of its gross net earned premium income in respect of business accepted by the Company in its Facultative Casualty Department.

By "gross net earned premium income" is meant the earned proportion of the Company's gross written premium in respect of the subject matter of this Agreement less cancellations and return of premium and premiums on Reinsurances which inure to the benefit of this Agreement,

The Company shall pay to the Reinsurer, in quarterly installments, Reinsurer's proportion of an annual Deposit Premium of \$400,000 (Four hundred thousand dollars). Should the Premium for each annual period calculated in accordance with the first paragraph of this Article exceed the said Deposit Premium for each annual period, the Company agrees to pay the difference to the Reinsurer, but should it be less, it is agreed that the Minimum Premium payable to the Reinsurer shall be its proportion of \$250,000 (Two hundred fifty thousand dollars) for each annual period this Agreement is in force.

#### ARTICLE VII

# ULTIMATE NET LOSS CLAUSE

"Ultimate Net Loss" shall mean the sum actually paid in cash in the settlement of losses for which the Company is liable, after deducting all salvages, recoveries and other reinsurance provided, however, that in the event of the insolvency of the Company, "Ultimate Net Loss" shall mean the amount of loss which the insolvent Company has incurred or is liable for, and payment by the Reinsurer shall be made to the receiver or statutory successor of the Company in accordance with the provisions of Article XII, of this Reinsurance Agreement known as the "Insolvency Clause".

#### ARTICLE VIII

#### CLAIMS

The Company shall advise the Reinsurer with reasonable promptitude of any loss occurrence or event in which the Reinsurer is likely to be involved and shall provide the Reinsurer with full information relative thereto.

GERLING GLOBAL REINSURANCE CORPORATION

U. S. BRANCH

The Reinsurer, through its appointed representatives, shall have the right to co-operate with the Company in the defense and/or settlement of any claim or claims in which it may be interested. All settlements made by the Company in co-operation with the Reinsurer's appointed representatives shall be binding on the Reinsurer, and all settlements made by the Company. in cases where the Reinsurer elects not to co-operate with the Company shall be binding on the Reinsurer.

The Company agrees that all papers connected with the adjustment of claims shall at any reasonable time be at the command of the Reinsurer or parties designated by it for inspection.

Reinsurers not authorized to do business in the State of New York shall upon request make cash advances for losses incurred but not paid in an amount not to exceed the Reinsurer's share of such unpaid claims. Cash advances shall be made within 10 (Ten) days after notification by the Company.

#### ARTICLE IX

#### DIVISION OF SETTLEMENT COSTS CLAUSE

Expenses incurred by the Company in connection with the investigation and adjustment of claims and suits shall be apportioned as follows:

- (a) Should the claims or suits arising out of any one occurrence be adjusted for a sum not exceeding the amount in excess of which Reinsurer hereunder become liable, then no expenses shall be payable by the Reinsurer;
- (b) Should, however, the sum which is paid in adjustment of such claims or suit result in an amount being recovered under this Agreement, then the expenses shall be borne by the Company and the Reinsurer in the ratio of their respective liabilities as finally determined provided, however, that the Reinsurer shall not be liable for any part of the salaries of officials of or office expenses of the Company.

#### ARTICLE X

#### COMMUTATION

In the event of the Company becoming liable to make periodical payments under any business reinsured hereunder, the Reinsurer at any time after 24 (Twenty Four) months from the date of the occurrence, shall be at liberty to redeem the payments falling due from it by the payment of a lump sum.

Gerling Global Beineurance Corporation

- 8 -

In such event, the Company and the Reinsurer shall mutually appoint an Actuary or Appraiser to investigate, determine and capitalize the claim. The Reinsurer's proportion of the amount so determined shall be considered the amount of loss hereunder and the payment thereof shall constitute a complete release of the Reinsurer for its liability for such claim so capitalized.

#### ARTICLE XI

#### ERRORS AND OMISSIONS

No accidental errors and/or omissions upon the part of the Company shall relieve the Reinsurer of liability provided such errors and/or omissions are rectified as soon after discovery as possible. Nevertheless, the Reinsurer shall not be liable in respect of any business which may have been inadvertently included in the premium computation but which ought not to have been included by reason of the conditions of this Agreement.

# ARTICLE XII

#### INSOLVENCY CLAUSE

In consideration of the continuing and reciprocal benefits to accrue hereunder to the Reinsurer, the Reinsurer hereby agrees that as to all reinsurance made, ceded, renewed or otherwise becoming effective under this Agreement, the reinsurance shall be payable by the Reinsurer on the basis of the liability of the Company under the contract or contracts reinsured, without diminution because of the insolvency of the Company directly to the Company or to its liquidator, receiver or other statutory successor, except as provided by Section 315 of the New York Insurance Law or except (a) where the contract specifically provides another payee of such reinsurance in the event of insolvency of the Company and (b) where the Reinsurer with the consent of the direct Assured or Assureds has assumed such policy obligations of the Company as direct obligations of the Reinsurer to the payees under such policies and in substitution for the obligations of the Company to such payee.

It is further agreed and understood that in the event of insolvency of the Company, the liquidator or receiver or statutory successor of the insolvent Company shall give written notice to the Reinsurer of the pendency of a claim against the insolvent Company on the policy or bond reinsured with the Reinsurer within a reasonable time after such claim is filed in the insolvency proceeding; and that during the pendency of such claim the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defense or defenses which it may deem

GERLING GLOBAL REINEUBANCE CORPORATION

available to the Company or its liquidator or receiver or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable subject to court approval against the insolvent Company as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the Company solely as a result of the defense undertaken by the Reinsurer.

Where two or more Reinsurers are involved in the same claim, and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Agreement as though such expense had been incurred by the Company.

# ARTICLE XIII

#### LEGALITY

It is specially provided, anything to the contrary notwithstanding, that if any law or regulation of the Federal or any State or Local Government of the United States or the decision of any Court shall render illegal the arrangements hereby made, this Agreement may be terminated immediately by the Company upon giving notice to the Reinsurer of such law or decision and of its intention to terminate this Agreement provided always that the Reinsurer cannot comply with such law or with the terms of such decisions.

#### ARTICLE XIV

#### **ARBITRATION**

- (a) Any dispute or difference hereafter arising with reference to the interpretation, application or effect of this Reinsurance Agreement or any part thereof, whether arising before or after termination of the Reinsurance Agreement, shall be referred to a Board of Arbitration consisting of two (2) arbitrators and an umpire, who shall be active or retired officers of Insurance or Reinsurance Companies. The seat of the Board of Arbitration shall be in New York unless the disputants agree otherwise.
- (b) One (1) arbitrator shall be chosen by the Company and the other by the Reinsurer. The umpire shall be chosen by the two (2) arbitrators.
- (c) Arbitration shall be initiated by either the Company or the Reinsurer (the petitioner) demanding arbitration and naming its arbitrator. The other party (the respondent) shall then have thirty (30) days, after receiving demand in writing from the petitioner, within which to designate its arbitrator. In case the respondent fails to designate

CERLING	OLODAL	BRIMSURANCE	CORPORATION					
EL EL DIVATOR								

its arbitrator within the time stated above, the petitioner is expressly authorized and empowered to name the second arbitrator, and the respondent shall not be deemed aggrieved thereby. The arbitrators shall designate an umpire within thirty (30) days after both arbitrators have been named. In the event the two (2) arbitrators do not agree within thirty (30) days on the selection of an umpire, each shall nominate one (1) umpire. Within thirty (30) days thereafter the selection shall be made by drawing lots. The name of the party first drawn shall be the umpire.

- (d) Each party shall submit its case to the Board of Arbitration within thirty (30) days from the date of the appointment of the umpire, but this period of time may be extended by unanimous consent, in writing, of the Board. The Board shall interpret this Reinsurance Agreement as an honorable engagement rather than as a merely technical legal obligation and shall make its award with a view to effecting the general purpose of this Reinsurance Agreement in a reasonable manner, rather than in accordance with the literal interpretation of the language. It shall be relieved from all judicial formalities and may abstain from following the strict rules of law. The decision in writing of the Board or a majority of the Board rendered at the earliest convenient date shall be final and binding upon all parties.
- (e) The Company and the Reinsurer shall each pay the fee of its own arbitrator and half the fee of the umpire, and the remaining costs of the arbitration shall be paid as the Board shall direct. In the event both arbitrators are chosen by the petitioner, as provided in paragraph (C) above, the Company and the Reinsurer shall each pay one half (1/2) of the fees of both of the arbitrators and the umpire, and the remaining costs of the arbitrations shall be paid as the Board shall direct.

#### ARTICLE XV

# HONORABLE UNDERTAKING

This Agreement shall be construed as an honorable undertaking between the parties hereto not to be defeated by technical legal construction, it being the intention of this Agreement that the fortunes of the Reinsurer shall follow the fortunes of the Company.

Certing groups bringsfrice corporation

U. L. BRANCE

-11-

# ARTICLE XVI

# TAXES (Not Applicable to Domestic Reinsurers)

Notice is bereby given that the Reinsurers have agreed to allow for the purpose of paying the Federal Excise Tax 1% (One Percent) of the premium payable hereon to the extent such premium is subject to Federal Excise Tax.

It is understood and agreed that in the event of any return of premium becoming due hereunder, the Reinsurers will deduct 1% (One Percent) from the amount of the return and the Company should take steps to recover the tax from the United States Government.

# ARTICLE XVII

# SERVICE OF SUIT (Not Applicable to Domestic Reinsurers)

It is agreed that in the event of the failure of the Reinsurers to pay any amount claimed to be due hereunder, the Reinsurers hereon, at the request of the Company, will submit to the jurisdiction of any court of competent jurisdiction within the United States and will comply with all requirements necessary to give such court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such court.

It is further agreed that service of process in such suit may be made upon the Superintendent of Insurance of Albany. New York, and that in any suit instituted against the Reinsurers upon this Agreement, the Reinsurers will abide by the final decision of such court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of the Reinsurars in any such suit and/or upon the request of the Company to give a written undertaking to the Company that they will enter a general appearance upon behalf of the Reinsurers in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, district or territory of the United States which makes provision therefor, the Reinsurers hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the Statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Agreement, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

#### NUCLEAR INCIDENT EXCLUSION CLAUSE—LIABILITY—REINSURANCE

NUCLEAR INCIDENT EXCLUSION CLAUSE—LIABILITY—REINSURANCE

(1) This reinsurance does not cover any loss or liability accruing to the Company(iss) as a member of, or subscriber to, any aspeciation of insurance or reinsurance fat the purpose of covering nuclear energy risks or as a direct or indirect reinsurance of any such member, subscriber or association.

(2) Without in any very restricting the operation of purposes of this reinsurance and agreed that for all purposes of this reinsurance all the original policies of the Company (iss) (new, renewal and replacement) of the classes specified in Clause II of this paragraph (2) shall be descend to heritate the following powision (specified as the Limited Extensions Frowlesses).

I he agreed that the policy does not apply under any liability coverage, to injury, sickness, disease, death or destruction violence are provided in the policy does not apply under any liability coverage, to injury, sickness, disease, death or destruction. It is agreed that the policy does not apply under any liability coverage, to injury, sickness, disease, death or destruction. It is agreed that the policy does not apply under any liability coverage, to injury, sickness, disease, death or destruction of Connect and the control of the control of the Real of Hability Industrial Connections of Connect

organization.

III. Under any Liability Coverage, to injury, elckness, disease, doubt or destruction resulting from the hamedous properties of nuclear material, if of nuclear material, if

(a) the nuclear material (1) is at any nuclear facility expect by, or operated by or on behalf of, an insured or (2) has

(a) the nuclear material (1) is at any nuclear facility award by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;
(b) the nuclear material is contained in spont that or waste at any time possessed, handled, used, precessed, stared, transported or disposed of by or on behalf of an issured; or
(c) the injury, sickness, disease, death, or destruction article out of the furnishing by an insured of services, materials, perts or opulpment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is logated within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to injury to be destruction of property at such nuclear facility.

7

"hexardous properties" include radioactive, toxic or explosive properties; "muclear materies," seems source material, special nuclear material or byproduct material; "source material", "openial nuclear material,", and "byproduct material" have the mecangs given them in the Atomic Energy Act of 1956 or in any lew amendatory thereof; "spent fuel" nears any feel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "waste" means any wate material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of medicar facility under paragraph (a) or (b) thereof; "muclear facility" nears

(a) any nuclear reactor,

(b) any calciument or device used for the processing ar packaging waste,

(c) any equipment or device used for the processing ar packaging waste,

(c) any equipment or device used for the processing ar packaging waste,

(c) any equipment or device used for the processing ar packaging waste,

(c) any equipment or device used for the processing ar packaging waste,

(d) any structure, but a natural in the custody of the inverted at the premises where each equipment or device is located commits of or contains more than 25 grams of plutanium or uranium 235 or any combination thereof, or more than 250 grams of waste and paragraph are deviced in such alte and all previous used for such operations; "medeer reactor" means any apparatus designed or used to seemal inteller facility with respect to injury to or destruction of property, the word "injury" or "destruction" includes all forms of radio-active contamination of property,

V. The inception dates and therealiter of all original policies affording coverages specified in this paragraph (5), whether new, renewal or replacement, being policies device affording coverages specified in this paragraph (5), whether they become effective on or after lat May, 1900, or

(ii) become effective for that date and contain the Br IV. As need in this endors

thereof, it is further provided that original liability policies affording coverages described in this paragraph (3), (either them those policies and coverages described in (i) and (ii) above), which become effective before let May, 1969, and do not contain the Broad Exclusion Provision set out is new Nuclear incident Exclusion Clause-Liability-Releasuremer endormentary prior to Pebruary 4, 1960, shall be construed as if incorporating such portions of the Broad Exclusion Provision set out above as are more liberal to the holders of such

if incorporating such portions of the Broad Exclusion Provision set out above as are more liberal to the holders of such policies.

(a) Without in any way restricting the operation of paragraph (1) of this classes it is understood and agreed that original liability policies of the Company (ies), for those classes of policies

(a) described in Clause II of paragraph (2) effective before let March, 1958, or

(b) described in paragraph (3) effective before let March, 1958, or

(b) described in paragraph (5) effective before let March, 1958, or

(c) and (d) are the instead expiry dutes or let June, 1963, whichever first occurs, from the application of the other provisions of this Clause.

(5) Without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that paragraphs (2) and (3) above are not applicable to original liability policies of the Company(ies) in Canada and that with respect to such policies this Clause shall be deemed to include the Nuclear Environmentality Exclusion Provisions actually used on such policy where it is legally permitted to de so, such policy shall be deemed to include such Exclusion Provisions.

2/4/800

#### J.S.A.

. .

#### REMARKS INCOMES CHARLESTON CLASSICS. TOWARDS DAMAGE. DESCRIPTIONS.

- 1. This Reinsurance does not cover any loss or liability accruing to the Reasoured, directly or indirectly and whether as Issurer or Relaturer, from any Pool of Inturers or Relaturers formed for the purpose of povering Atomic or Nuclear Energy risks.
- 2. Without in any way restricting the operation of paragraph (1) of this Clause, this Reinsurance does not cover any loss or liability accruing to the Reasured, directly or indirectly and whether se Insurer or Reinsorer, from any insurance against Physical Damage (including business interruption or consequential for arising out of such Physical Damage) to:
  - 1. Nuclear reactor power plants including all auxiliary property on the site, or
  - IL. Any other nuclear reactor installation, lactuding laboratories handling radioactive materials in connection with reactor installations, and "critical facilities" as such, or
  - III, Installations for fabricating complete fuel elements or for processing substantial quantities of "special nuclear material", and for reprocessing, salvaging, chemically separating, storing or disposing of "spent" nuclear fuel or waste materials, or
  - IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fasion.
- 3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruling to the Acassused, directly or indirectly, and whether as Insurer or Relawrer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate
  - (a) where Resoured does not have knowledge of such nuclear tractor power plant or nuclear installation, or
  - (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.
- 4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reissurance does not cover any loss or liability by radioactive contamination accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.
- 5. It is understood and agreed that this Clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reassured to be the primary hazard.
- 6. The term "special nuclear material" shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.
  - 7. Reassured to be sole judge of what constituees:
    - (a) substantial quantities, and
    - (b) the extent of installation, plant or site.

Note--Without in any way restricting the operation of paragraph (1) horsel, it is understood and agreed that

- (a) all policies issued by the Rennured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or Sist December 1260 whichever first occurs whereupon all the provisions of this Clause shall apply,
- (b) with respect to any risk located in Canada policies issued by the Resourced on or before 31st December 1958 shall be free from the application of the other previsions of this Cleans until expiry date or 31st December 1960 whichever first occurs whereupon all the pervisions of this Clause shall apply,